

**Asian Association of Utah**

**Year Ended June 30, 2009**

**Financial Statements**

**And**

**Independent Auditor's Report**

**With Supplementary Information**

**And**

**Compliance Reports**



# Asian Association of Utah

## Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information and Compliance Reports	
Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	12
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	15



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

We have audited the accompanying statement of financial position of Asian Association of Utah (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2008 financial statements and, in our report dated October 23, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian Association of Utah as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009 on our consideration of Asian Association of Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Asian Association of Utah taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
December 3, 2009

**Asian Association of Utah**  
**Statement of Financial Position**  
**June 30, 2009**  
**With Comparative Totals For June 30, 2008**

	<u>6/30/2009</u>	<u>6/30/2008</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 511,453	\$ 804,453
Accounts and grants receivable, including promises to give	828,981	415,818
Prepaid expenses	<u>26,320</u>	<u>14,772</u>
Total current assets	<u>1,366,754</u>	<u>1,235,043</u>
Fixed assets, at cost		
Leasehold improvements	205,069	205,069
Vehicles	89,279	83,131
Equipment and furniture	<u>37,217</u>	<u>31,842</u>
Total fixed assets	331,565	320,042
Less: accumulated depreciation	<u>(204,642)</u>	<u>(207,350)</u>
Net fixed assets	<u>126,923</u>	<u>112,692</u>
Total assets	<u>\$ 1,493,677</u>	<u>\$ 1,347,735</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 43,453	\$ 60,882
Accrued vacation	77,771	60,787
Accrued payroll and payroll taxes	83,785	52,170
Other accrued liabilities	<u>22,824</u>	<u>20,271</u>
Total current liabilities	<u>227,833</u>	<u>194,110</u>
Net assets		
Unrestricted	1,143,417	1,153,625
Temporarily restricted	122,427	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>1,265,844</u>	<u>1,153,625</u>
Total liabilities and net assets	<u>\$ 1,493,677</u>	<u>\$ 1,347,735</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Activities**  
**Year Ended June 30, 2009**  
**With Comparative Totals For The Year Ended June 30, 2008**

	<u>6/30/2009</u>			<u>6/30/2009</u>	<u>6/30/2008</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>					
TAG grant	\$ 590,772	\$ -	\$ -	\$ 590,772	\$ 487,907
Healthy U contract	482,016	-	-	482,016	294,995
TANF grant	369,614	-	-	369,614	166,039
United Way	148,943	119,057	-	268,000	99,975
Prevention grants	211,834	-	-	211,834	214,294
Utah State Office of Education	160,406	-	-	160,406	140,226
Donations	142,780	3,370	-	146,150	24,649
Refugee health services contract	139,691	-	-	139,691	110,278
Salt Lake County A&D Prevention	135,781	-	-	135,781	71,709
Refugee medical interpreting	129,061	-	-	129,061	181,980
Fee for service	62,011	-	-	62,011	43,371
Refugee outreach - Capacity	44,094	-	-	44,094	-
Molina interpreting	40,287	-	-	40,287	39,970
SSBG - Hard to serve	29,000	-	-	29,000	26,000
Asian festival	13,199	-	-	13,199	16,899
Interest	5,912	-	-	5,912	15,220
Federal grant - TCE/HIV	-	-	-	-	159,194
Workforce Services ESL	-	-	-	-	14,190
Total revenues and support	<u>2,705,401</u>	<u>122,427</u>	<u>-</u>	<u>2,827,828</u>	<u>2,106,896</u>
<b>EXPENSES</b>					
Program services	2,286,033	-	-	2,286,033	1,806,489
Management and general	266,657	-	-	266,657	194,741
Fundraising	162,919	-	-	162,919	118,879
Total expenses	<u>2,715,609</u>	<u>-</u>	<u>-</u>	<u>2,715,609</u>	<u>2,120,109</u>
Change in net assets	(10,208)	122,427	-	112,219	(13,213)
Net assets, beginning of year	<u>1,153,625</u>	<u>-</u>	<u>-</u>	<u>1,153,625</u>	<u>1,166,838</u>
Net assets, end of year	<u>\$ 1,143,417</u>	<u>\$ 122,427</u>	<u>\$ -</u>	<u>\$ 1,265,844</u>	<u>\$ 1,153,625</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2009**  
**With Comparative Totals For The Year Ended June 30, 2008**

	6/30/2009			6/30/2009	6/30/2008
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 1,261,892	\$ 171,133	\$ 104,556	\$ 1,537,581	\$ 1,081,192
Payroll taxes	125,730	17,051	10,417	153,198	102,000
Employee benefits	229,500	31,124	19,016	279,640	249,617
 Total salaries and related expenses	 1,617,122	 219,308	 133,989	 1,970,419	 1,432,809
Client services	194,084	26,321	16,081	236,486	147,396
Contracted services	151,669	-	-	151,669	234,633
Rent	87,887	11,919	7,282	107,088	107,088
Supplies	48,750	-	-	48,750	28,906
Repairs and maintenance	44,171	-	-	44,171	40,364
Travel	26,377	3,577	2,186	32,140	24,230
Equipment and software	22,842	3,098	1,893	27,833	12,500
Telephone	25,314	-	-	25,314	19,268
Utilities	15,444	-	-	15,444	13,931
Insurance	9,357	-	-	9,357	7,721
Workshops and training	8,342	-	-	8,342	11,152
Advertising	7,666	-	-	7,666	7,347
Meetings	6,013	-	-	6,013	4,553
Postage	3,043	-	-	3,043	2,539
Printing	2,039	276	169	2,484	3,505
 Total expenses before depreciation	 2,270,120	 264,499	 161,600	 2,696,219	 2,097,942
Depreciation	15,913	2,158	1,319	19,390	22,167
 Total expenses	 <u>\$ 2,286,033</u>	 <u>\$ 266,657</u>	 <u>\$ 162,919</u>	 <u>\$ 2,715,609</u>	 <u>\$ 2,120,109</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Cash Flows**  
**Year Ended June 30, 2009**  
**With Comparative Totals For The Year Ended June 30, 2008**

	<u>6/30/2009</u>	<u>6/30/2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 112,219	\$ (13,213)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	19,390	22,167
Changes in current assets and liabilities:		
Accounts and grants receivable, including promises to give	(413,163)	17,533
Prepaid expenses	(11,548)	(8,427)
Accounts payable	(17,429)	26,466
Accrued vacation	16,984	9,897
Accrued payroll and payroll taxes	31,615	8,905
Other accrued liabilities	<u>2,553</u>	<u>(966)</u>
Net cash (used in) provided by operating activities	<u>(259,379)</u>	<u>62,362</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash purchases of fixed assets	<u>(33,621)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(33,621)</u>	<u>-</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
 Net change in cash and cash equivalents	(293,000)	62,362
Cash and cash equivalents, beginning of year	<u>804,453</u>	<u>742,091</u>
Cash and cash equivalents, end of year	<u>\$ 511,453</u>	<u>\$ 804,453</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Notes to Financial Statements**  
**June 30, 2009**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Asian Association of Utah (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on September 2, 1977. The Organization's mission is to advocate equality for Utah's Asian Americans in areas of immigration, employment, housing, social adjustment, education and all other social and economic concerns of the community. The direct services provided by the Organization strive to assist Asians to achieve community integration while retaining cultural identities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.



#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

#### Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$5,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty years. Depreciation expense for the year ended June 30, 2009 was \$19,390.

#### Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted.

#### Promises to give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. At June 30, 2009, management of the Organization considers all promises to be collectible; therefore, no allowance has been recorded.

#### Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2009.

#### Government Funding

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

#### Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At June 30, 2009, \$244,187 exceeded the FDIC insurance limit of \$250,000, and therefore was not insured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Notes (continued)

The Organization receives a substantial portion of its revenue from government contracts and grants. Any decreases in government funding would have an impact on the future operations of the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Reclassifications

Certain items from June 30, 2008 have been reclassified to conform to the June 30, 2009 presentation.

**3. ACCOUNTS AND GRANTS RECEIVABLE, INCLUDING PROMISES TO GIVE**

Accounts and grants receivable, including promises to give, consist of the following at June 30, 2009:

Accounts and grants receivable	\$ 719,981
United Way (promise to give)	<u>109,000</u>
	<u>\$ 828,981</u>

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30, 2009:

United Way (promise to give)	\$ 109,000
Multiple donors (purpose restrictions)	<u>13,427</u>
	<u>\$ 122,427</u>

The Organization receives funding from the United Way. The annual allocation from United Way for the 2009-2010 fiscal year of the Organization is considered a promise to give and in accordance with Accounting Standards Codification 958, *Not-for-Profit Entities* (formerly SFAS No. 116). The full amount of this promise to give is expected to be received in the next fiscal year. The donations are restricted for specific purposes and are expected to be used in full in the next fiscal year.

**5. LEASE OF FACILITY**

The Organization leases its facility under an operating lease from the Utah Asian Community Foundation (an affiliated organization). The term of the lease is for ten years, which began in April 1, 2007, and requires monthly lease payments of \$8,924. As part of the lease agreement the Organization is required to pay the Foundation for major improvements and renovations.

The following is a schedule of future minimum lease payments that the Organization is obligated to pay:

<u>Year Ended June 30,</u>	<u>Amount</u>
2010	107,088
2011	107,088
2012	107,088
2013	107,088
2014	107,088
Thereafter	<u>294,492</u>
	<u>\$ 829,932</u>

Rent expense for the year ended June 30, 2009 was \$107,088.

**6. RETIREMENT PLAN**

The Organization has adopted a tax-sheltered annuity which provides for a salaried deferral arrangement for participating employees. The Organization uses a contribution rate equivalent to that used by the State of Utah Retirement System. The tax-sheltered annuity permits an employee to defer an amount out of his or her salary on an individual basis. Separate accounts are maintained for each participating employee. The total retirement plan expense was \$78,686 for the year ended June 30, 2009.

**7. PRIOR YEAR INFORMATION**

The financial statements for the year ended June 30, 2008 are presented for comparative purposes only. The notes presented herein contain information relating to June 30, 2009 only. Please refer to the June 30, 2008 audited financial statements for information relating to the notes for the prior year.

**SUPPLEMENTARY INFORMATION**

**AND**

**COMPLIANCE REPORTS**

**Asian Association of Utah**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Agency or Pass-through Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through Utah Department of Health			
Refugee Health Services	056397	93.566	137,409
Medical Interpreting Services	066121	93.778	59,519
Diabetes Outreach	090775	93.988	2,032
Passed through Salt Lake County			
Drug Abuse Prevention	AL07511C	93.959	129,732
Drug Abuse Treatment	AL05512C	93.959	85,335
Refugee Resource Center (TAG)	BJ06201C	93.584	587,532
Temporary Aid to Needy Families	BJ05246C	93.558	205,776
Elderly Grant	AE07274C	93.576	28,160
Elderly Grant	AE08276C	93.576	15,874
SSBG – Hard to Serve	BJ07107	93.667	29,010
Passed through Utah Department of Workforce Services			
Temporary Aid to Needy Families	BJ09102	93.558	101,842
Temporary Aid to Needy Families	096302	93.558	58,763
Refugee Outreach	080889	93.566	<u>55,205</u>
Total U.S. Department of Health and Human Services			<u>1,496,189</u>
<b><u>U.S. Department of Education</u></b>			
Passed through Utah State Office of Education			
Civics and Adult Education	-	84.002A	32,066
AEFL	-	84.002A	<u>73,217</u>
Total U.S. Department of Education			<u>105,283</u>
Total Expenditures of Federal Awards			<u>\$ 1,601,472</u>

**Note 1 - Basis of Accounting**

The supplementary schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Grant expenditures are recognized as funds are spent or accrued. The information in this schedule is prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 - Pass-Through Awards**

The Organization receives certain federal financial assistance from pass-through awards. The total federal financial assistance from pass-through awards is noted above.

**Asian Association of Utah**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

**Summary of Auditor's Results**

1. We issued an unqualified opinion in our report on the financial statements of Asian Association of Utah for the year ended June 30, 2009.
2. The results of our audit tests disclosed no instances of noncompliance which were considered material to the financial statements.
3. We issued an unqualified opinion in our report on compliance for major programs for the year ended June 30, 2009.
4. The results of our audit disclosed one finding (Finding 2009-1). See below.
5. The major programs of Asian Association of Utah for the year ended June 30, 2009 are as follows:

a. Temporary Aid to Needy Families (TANF)	CFDA Number	93.558
b. Elderly Refugee	CFDA Number	93.576
6. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
7. Asian Association of Utah did qualify as a low-risk auditee.

**Findings Related To The Financial Statements**

**Finding 2009-1: The Organization did not recognize the full amount of revenue from a promise to give.**

**Condition:** The Organization received a promise to give from a non-government organization that was a multiple year agreement to donate to the Organization. The amount for the second year of the agreement was not recognized as revenue.

**Criteria:** In accordance with SFAS No. 116, an unconditional promise to give must be recognized in the period it was promised.

**Cause:** The Organization historically has not received many donations. Most of the funding has come from government contracts. Management did not consider the requirements of SFAS No. 116 when it received the promise to give.

**Effect:** This resulted in assets and revenue being understated by approximately \$109,000.

**Recommendation:** We recommend that the Organization implement procedures to ensure that all promises to give are recognized in accordance with SFAS No. 116.

**Findings and Questioned Costs for Federal Awards**

None

**Findings of Prior Audit - Year Ended June 30, 2008**

There were no findings reported for the year ended June 30, 2008. Therefore, there are no outstanding resolution matters relating to major federal programs.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

We have audited the financial statements of Asian Association of Utah (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Asian Association of Utah's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Asian Association of Utah's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Asian Association of Utah's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we considered to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs (Finding 2009-1) to be significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily identify all deficiencies in the internal control that might be considered to be material weaknesses. We believe that the significant deficiency described above is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Asian Association of Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shaw Munford & Co, P.C.*

Bountiful, Utah  
December 3, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

Compliance

We have audited the compliance of Asian Association of Utah (a nonprofit organization) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Asian Association of Utah's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Asian Association of Utah's management. Our responsibility is to express an opinion of Asian Association of Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Asian Association of Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Asian Association of Utah's compliance with those requirements.

In our opinion, Asian Association of Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Asian Association of Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Asian Association of Utah's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Asian Association of Utah's internal control over compliance.

A *control deficiency* in an organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shaw Mumford & Co, P.C.*

Bountiful, Utah  
December 3, 2009

**Asian Association of Utah**  
**Management's Response to Audit Finding**  
**June 30, 2009**

Management agrees with Finding 2009-1 and will take measures to implement procedures to ensure all promises to give are recognized in accordance with SFAS No. 116.